

EXHIBIT F-1  
PUBLIC VERSION  
(Brown Declaration, Exhibit 21)

1 MAYER BROWN LLP  
LEE H. RUBIN (SBN 141331)  
2 lrubin@mayerbrown.com  
EDWARD D. JOHNSON (SBN 189475)  
3 wjohnson@mayerbrown.com  
DONALD M. FALK (SBN 150256)  
4 dfalk@mayerbrown.com  
ERIC B. EVANS (SBN 232476)  
5 eevans@mayerbrown.com  
Two Palo Alto Square, Suite 300  
6 3000 El Camino Real  
Palo Alto, CA 94306-2112  
7 Telephone: (650) 331-2000  
Facsimile: (650) 331-2061

8 *Attorneys for Defendant*  
9 *Google Inc.*

10  
11 UNITED STATES DISTRICT COURT  
12 NORTHERN DISTRICT OF CALIFORNIA  
13 SAN JOSE DIVISION

14 IN RE: HIGH-TECH EMPLOYEE  
ANTITRUST LITIGATION

15 THIS DOCUMENT RELATES TO:  
16 ALL ACTIONS

Master Docket No. 11-CV-2509-LHK

DECLARATION OF FRANK WAGNER  
IN SUPPORT OF DEFENDANTS'  
OPPOSITION TO PLAINTIFFS'  
MOTION FOR CLASS  
CERTIFICATION

17  
18  
19  
20  
21 I, Frank Wagner, declare:

22 1. I am Director of Compensation at Google Inc. ("Google"). In that capacity, I am  
23 familiar with Google's compensation, including salary, bonus, and equity, as well as Google's  
24 general recruiting practices. I have personal knowledge of the facts set forth in this Declaration  
25 and, if called to testify, could and would testify competently thereto.

26 **I. EDUCATION AND PROFESSIONAL BACKGROUND**

27 2. I received a Bachelor of Science degree in business administration from the  
28 University of California, Berkeley, and a Masters in Business Administration in Finance from

the University of California, Berkeley-Walter A. Haas School of Business. Prior to Google, I was a Principal at Hewitt Associates, a compensation consulting firm, from 1986 to 2007, and was the Manager of Compensation and Benefits at Herbalife from 1984 to 1985.

## **II. POSITION AND JOB DUTIES AT GOOGLE**

3. In April 2007, I joined Google as the Director of Compensation. I have approximately 25 direct reports. As Director of Compensation, I manage all aspects of compensation for Google personnel worldwide, including base salary, bonus, equity, and recognition awards.

## **III. GOOGLE'S COMPENSATION**

4. [REDACTED]

[REDACTED] Attached as **EXHIBIT A** is a presentation I delivered on October 30, 2007 to engineering managers at Google that summarizes Google's compensation philosophy and practices during the period 2005 to 2009. This presentation also reflects the broader compensation philosophy and principles, as well as certain practices, that Google continues to apply today. Attached as **EXHIBIT B** is another presentation, which I delivered in April 2009, that also reflects Google's compensation philosophy and practices, and that provides additional detail about the overall market benchmarking process (described further below) that Google used during the period 2005 to 2009 to set compensation, as well as the general benchmarking process and certain practices that Google continues to apply today.

5. [REDACTED]

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A. Base Salary & Benchmarking

6.

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]

8 9. [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]

14 10. [REDACTED]  
15 [REDACTED] There are thousands of job codes at  
16 Google (e.g., Software Engineer, level 3) that are spread across hundreds of job families, such as  
17 software engineers, sales product managers, site reliability engineers, and financial analysts. For  
18 example, the job family of software engineer consists of seven sublevels (levels 3 to 9) and the  
19 Vice President level.

20 11. [REDACTED]  
21 [REDACTED]

22 12. [REDACTED]

23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]  
26 [REDACTED]  
27 [REDACTED]

28 [REDACTED] When Google uses the term “internal equity” in the context of

1 compensation, it means that Google employees should receive equitable compensation treatment  
2 based on their performance, and that therefore there should be variation in compensation for each  
3 employee that corresponds to each employee's performance and contribution to the company  
4 relative to other employees.

5 13. [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]

12 14. [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]

17 15. Merit-based salary adjustments and promotion salary adjustments occur annually  
18 and are based on an employee's performance during the previous four quarterly cycles. During  
19 approximately 2005 and 2006, Google made compensation decisions in February that would be  
20 retroactive to January 1<sup>st</sup>. In 2007, Google switched the compensation setting process to the fall  
21 and any changes in compensation were made prospectively to January 1<sup>st</sup>. Google also awards  
22 promotions to eligible employees in the fall and spring.

23 16. [REDACTED]  
24 [REDACTED]  
25 [REDACTED]  
26 [REDACTED] An example of this  
27 algorithm is depicted on the chart on page 11 of EXHIBIT B. [REDACTED]  
28 [REDACTED]

1 [REDACTED]  
 2 [REDACTED]  
 3 [REDACTED]  
 4 [REDACTED]

5 **B. Bonuses**

6 **1. Annual Company Bonus**

7 17. On top of base salary, an employee's compensation also includes various potential  
 8 cash bonuses. [REDACTED]

9 [REDACTED]  
 10 [REDACTED]  
 11 [REDACTED]  
 12 [REDACTED]

13 18. All employees hired on or before December 31 of that year are eligible for the  
 14 annual company bonus. New employees at Google (a.k.a. "Nooglers") who are hired after  
 15 January 1 will receive a pro-rated incentive payment to reflect time worked. The annual bonus  
 16 program covers the calendar year and, from 2005 onwards, was paid early in the following year.

17 19. [REDACTED]  
 18 [REDACTED]  
 19 [REDACTED]  
 20 [REDACTED]  
 21 [REDACTED]  
 22 [REDACTED]  
 23 [REDACTED]  
 24 [REDACTED]  
 25 [REDACTED]  
 26 [REDACTED]  
 27 [REDACTED]  
 28 [REDACTED]

1           20. [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]

9                   **2. Other Special Bonuses**

10           21. [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15           [REDACTED] [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20           [REDACTED] [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25           [REDACTED] [REDACTED]  
26 [REDACTED]  
27 [REDACTED]  
28



C. Equity

25. A Google employee's compensation package also includes restricted stock known as Google Stock Units (or "GSUs"). [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]

7 **D. Compensation Change in 2011**

8 31. Google consistently tries to improve and innovate its compensation and total  
9 rewards package. [REDACTED]

10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]

19 [REDACTED], Google decided to raise all employee salaries by 10% effective  
20 January 1, 2011. [REDACTED]

21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]  
26 [REDACTED]  
27 [REDACTED]  
28 [REDACTED]

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED] Google also provided a \$1,000 bonus to all employees in 2010. Attached  
5 as **EXHIBIT C** is a document titled "Revised Compensation Proposal" dated November 8, 2010,  
6 which summarizes Google's changes to its compensation program that became effective January  
7 1, 2011.

8 35. During the latter part of 2010, I was an active participant in the discussions  
9 related to the change in Google's compensation practices. During my participation in these  
10 discussions, [REDACTED]  
11 [REDACTED]  
12 [REDACTED]

13 **E. New Hires**

14 36. [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED] [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED] [REDACTED]  
26 [REDACTED]  
27 [REDACTED]  
28

1           **F.     Counteroffers**

2           39.     When a Google employee indicates that he or she has received an offer from  
3 another employer, t [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED]

7 [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14           **IV.   GOOGLE'S RECRUITING PRACTICES**

15           41.     [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

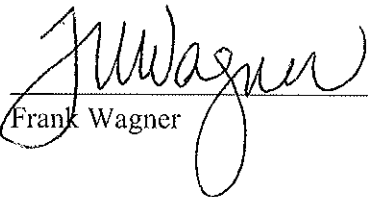
21           42.     Since its Initial Public Offering in 2004, Google has grown significantly. For  
22 example, from 2005 to late 2009, the number of software engineers at Google more than tripled  
23 in size. The chart that reflects Google's average number of employees per year during the years  
24 2001 to 2011 is included as Exhibit XN-04 to the Expert Report of Dr. Kevin Murphy.

25           43.     Between 2004 and 2011, Google aggressively recruited and hired from hundreds  
26 of employers. [REDACTED]

27 [REDACTED]

28 [REDACTED]

1 I declare under penalty of perjury under the laws of the United States of America  
2 that the foregoing is true and correct. Executed on November 9, 2012 in Mountain View,  
3 California.

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6 Frank Wagner  
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# **Exhibit A**

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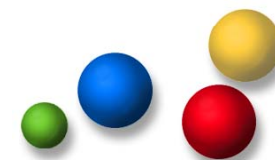


# Salary Planning 2007 Presentation to Engineering Managers

30 October 2007

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Authors: Frank Wagner, Tiffany Wu



## Agenda

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- Google's compensation philosophy & background
- Improvements vs. last salary planning cycle
  - Design
  - Process & tools
- Salary planning approach
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]
- Appendix: Business rules for 2007 Salary Planning cycle
- Q&A



## Google's compensation philosophy

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Google™

[REDACTED]

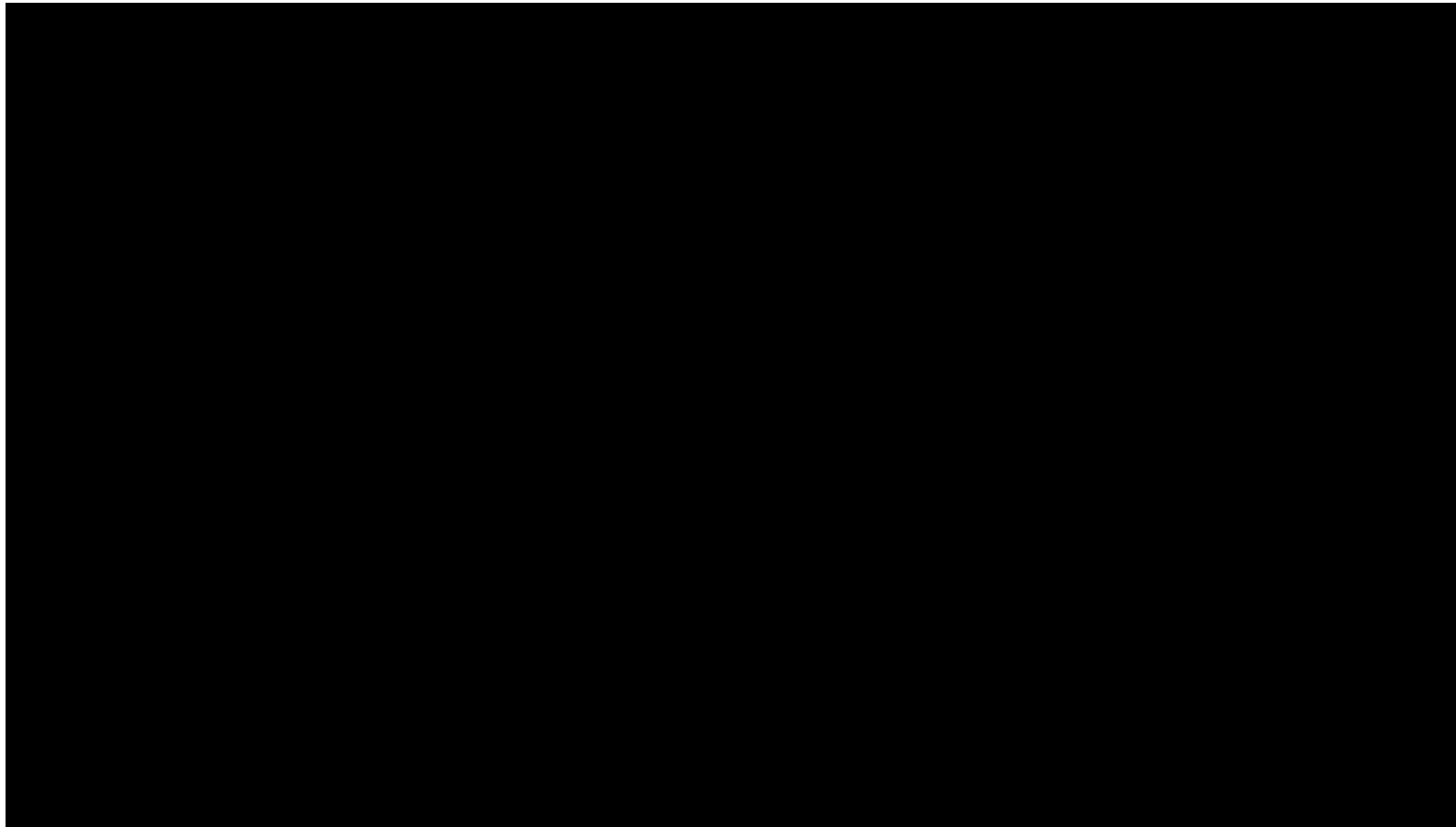
[REDACTED]

[REDACTED]

1

# What's our history and where are we today?

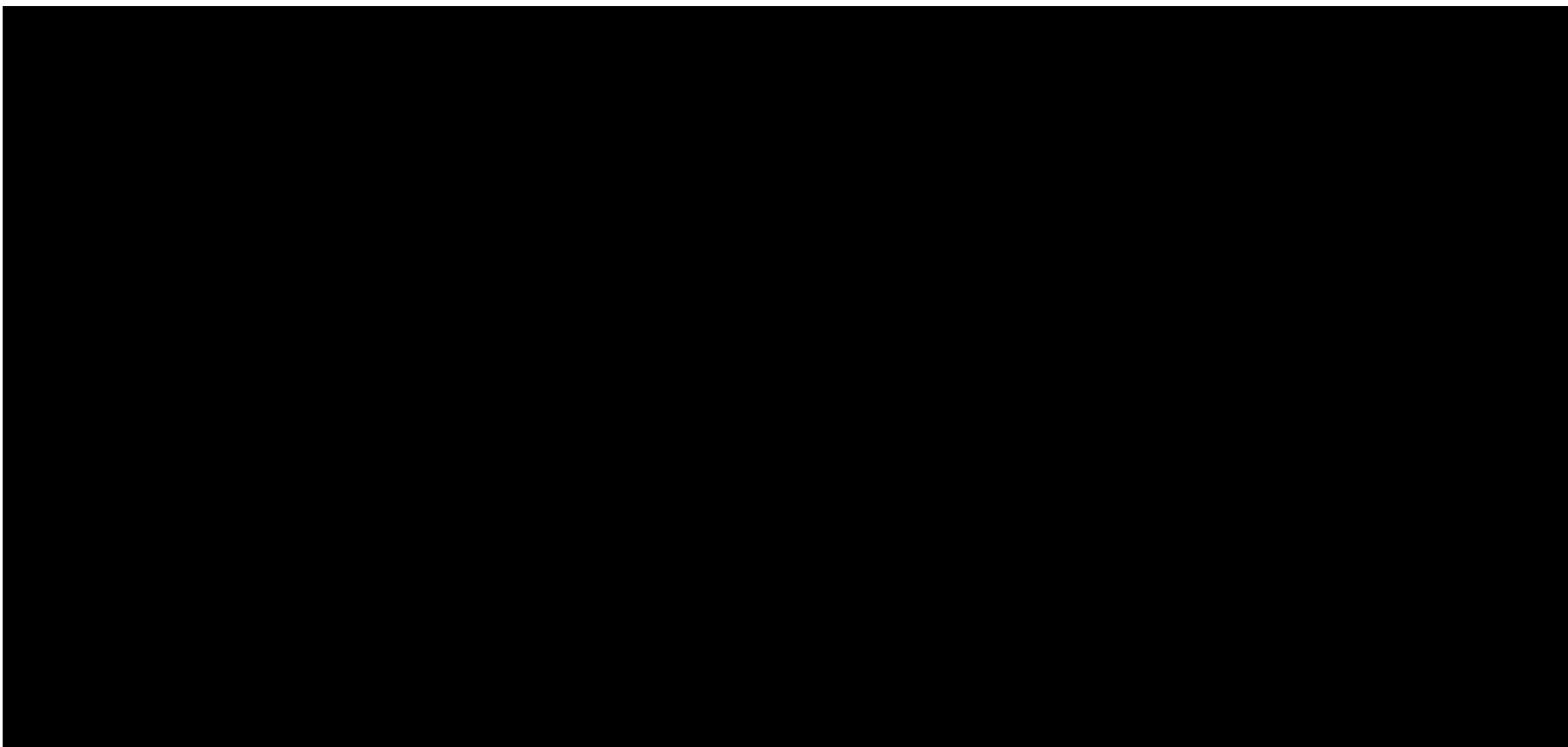
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## The application of our compensation philosophy

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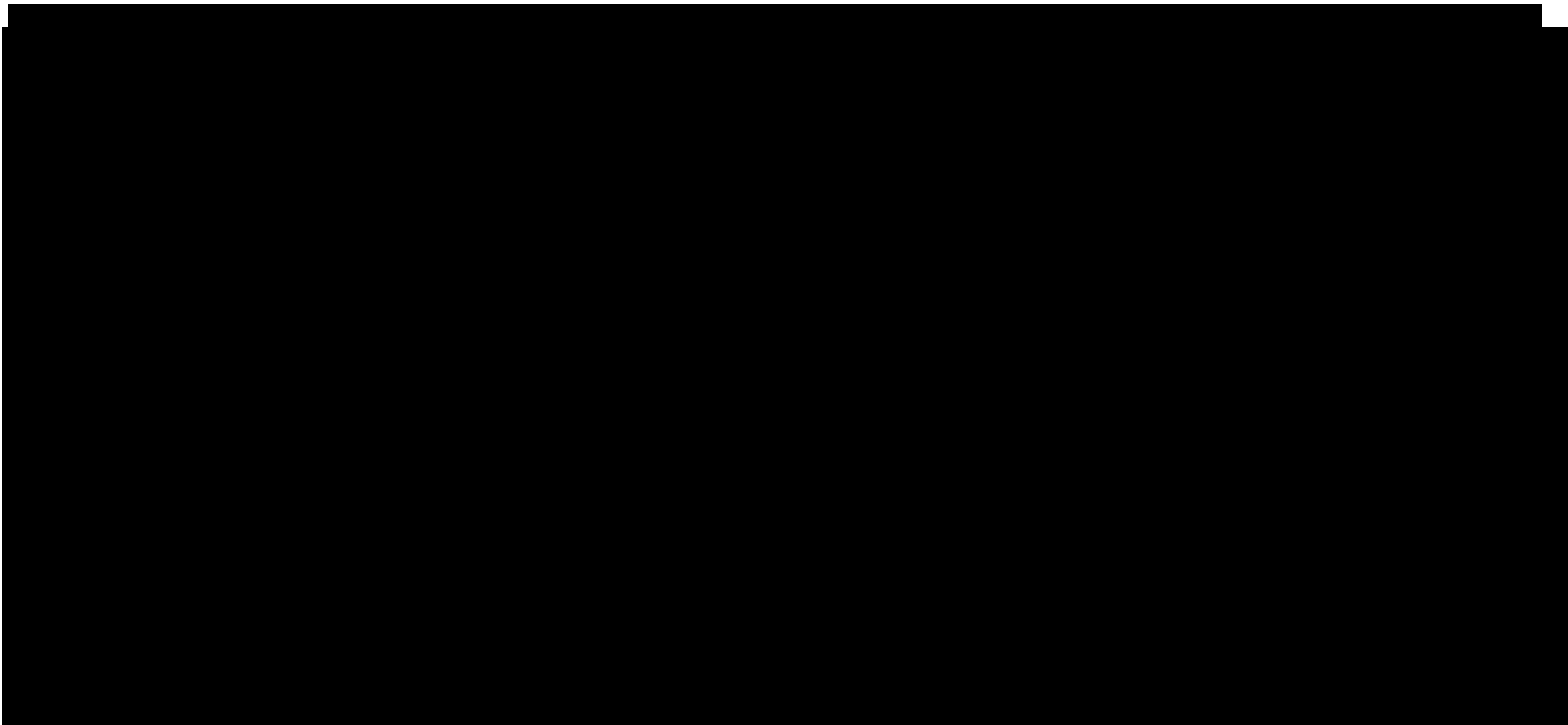
- Base pay



## Google total direct compensation over a 4-year period

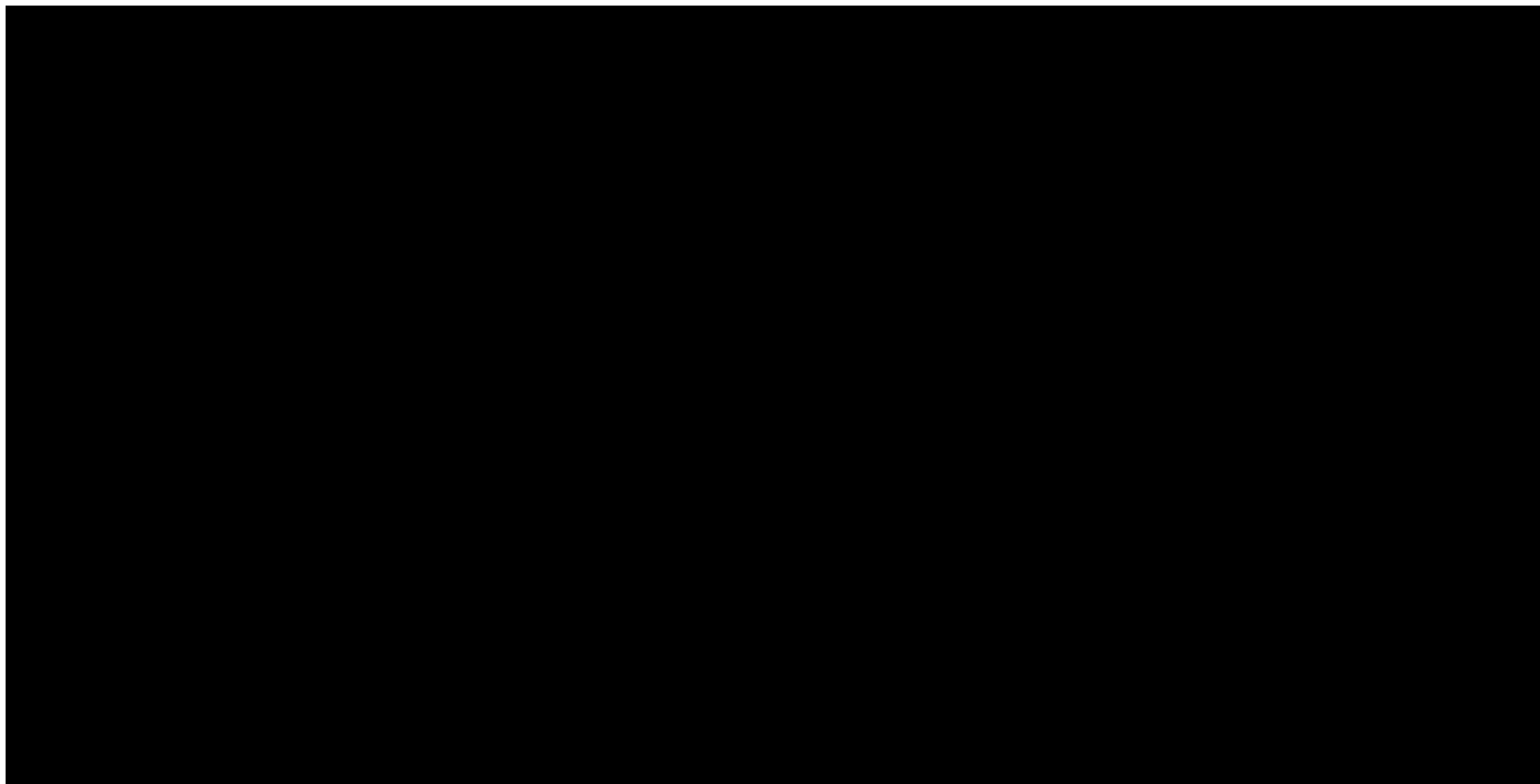
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- Assumes the following:



Level 4 total direct compensation (

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[REDACTED]

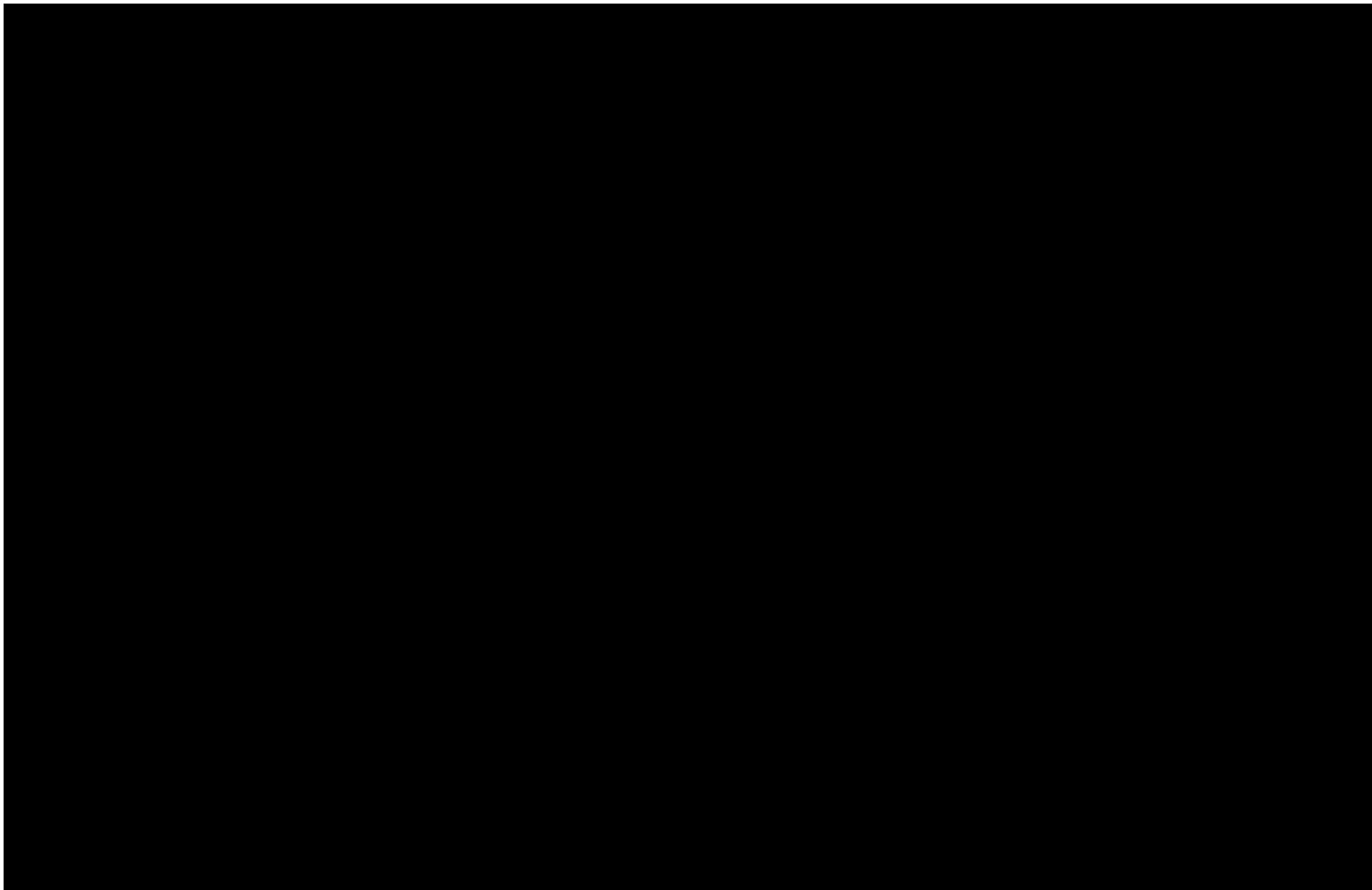
Merit and promotional matrices that drive the modeled amounts available to all planners and managers at gComp help website

[REDACTED]

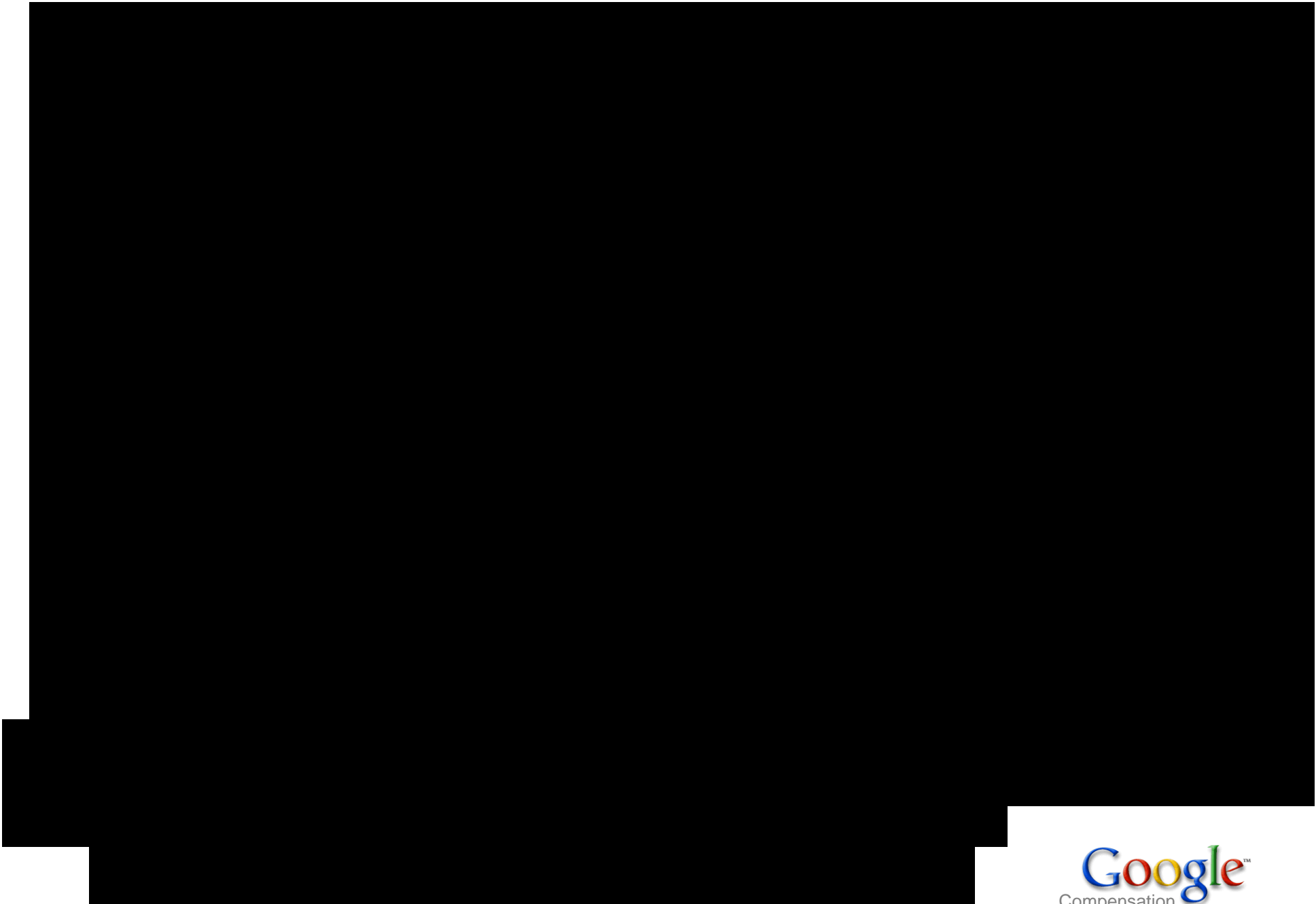
Better processes – including GHR data freezes, procedure for managing transfers and data audits prior to launch – to ensure inputs used to drive modeled individual increases are accurate; automated process for syncing data between GHR, PERF and gComp

New, internally developed tool, with feature improvements over vendor tool from last cycle:  
Notes functionality and audit trail functionality  
Supports Firefox 1.5+ on Mac, Linux, and Windows and Mac OS  
Loaded on Google production servers and tested internationally  
Intuitive, easy-to-use currency conversion interface  
Planners are able to recommend changes for employees marked for “zero” increases





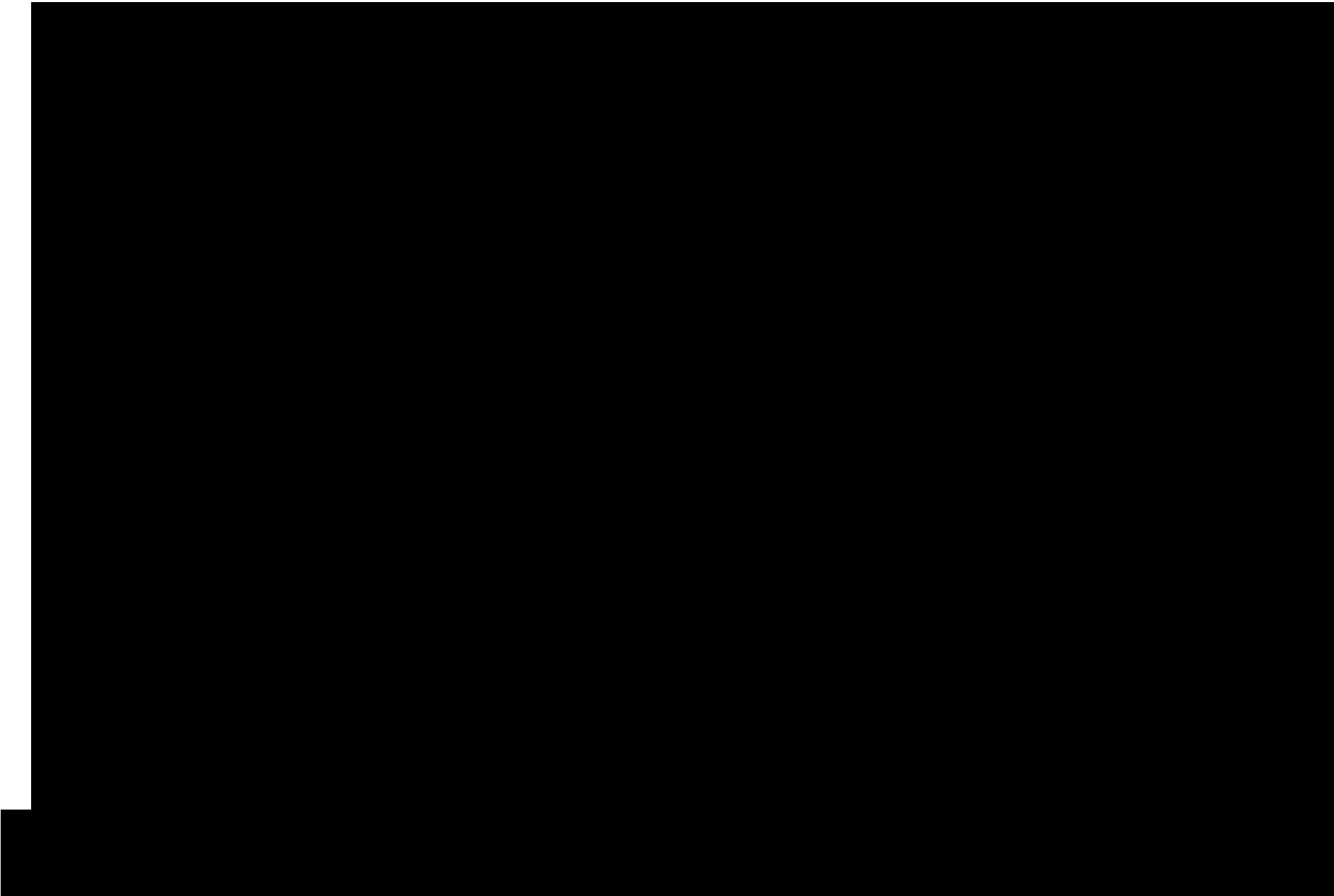




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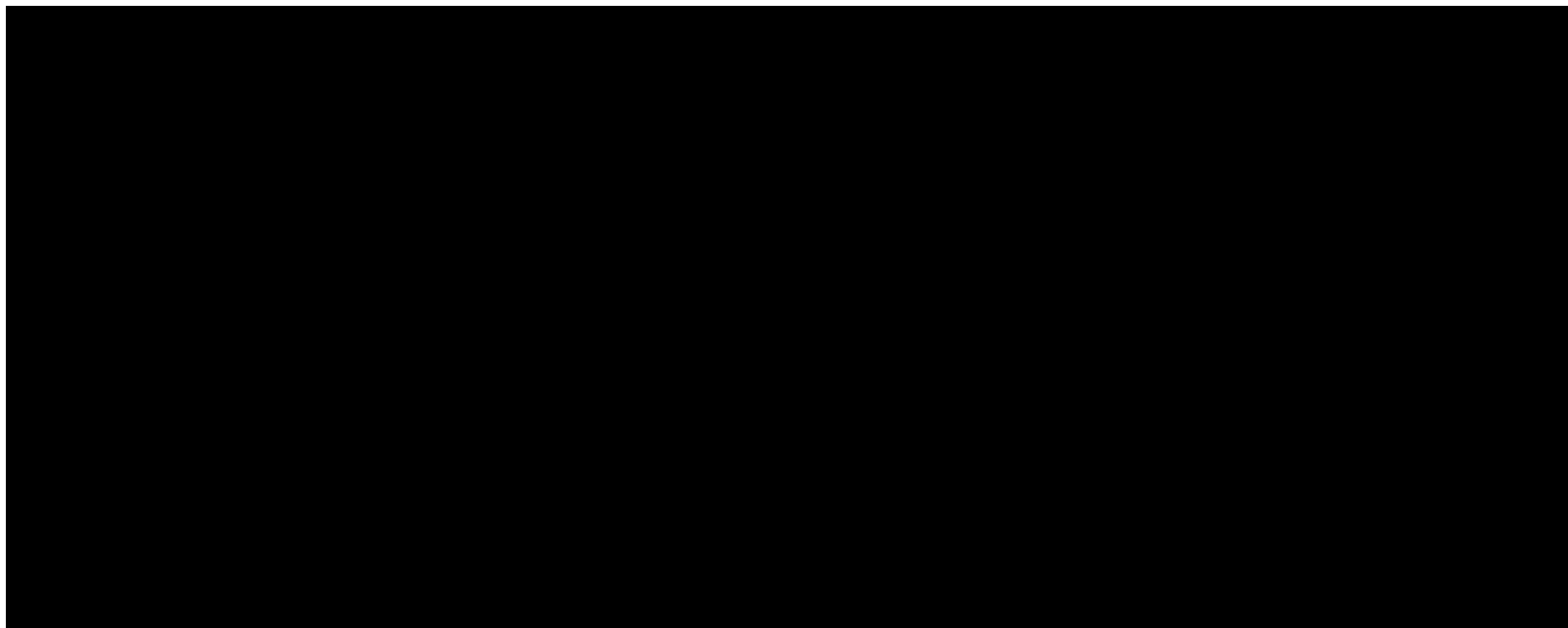


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## Budget & Planner Discretion

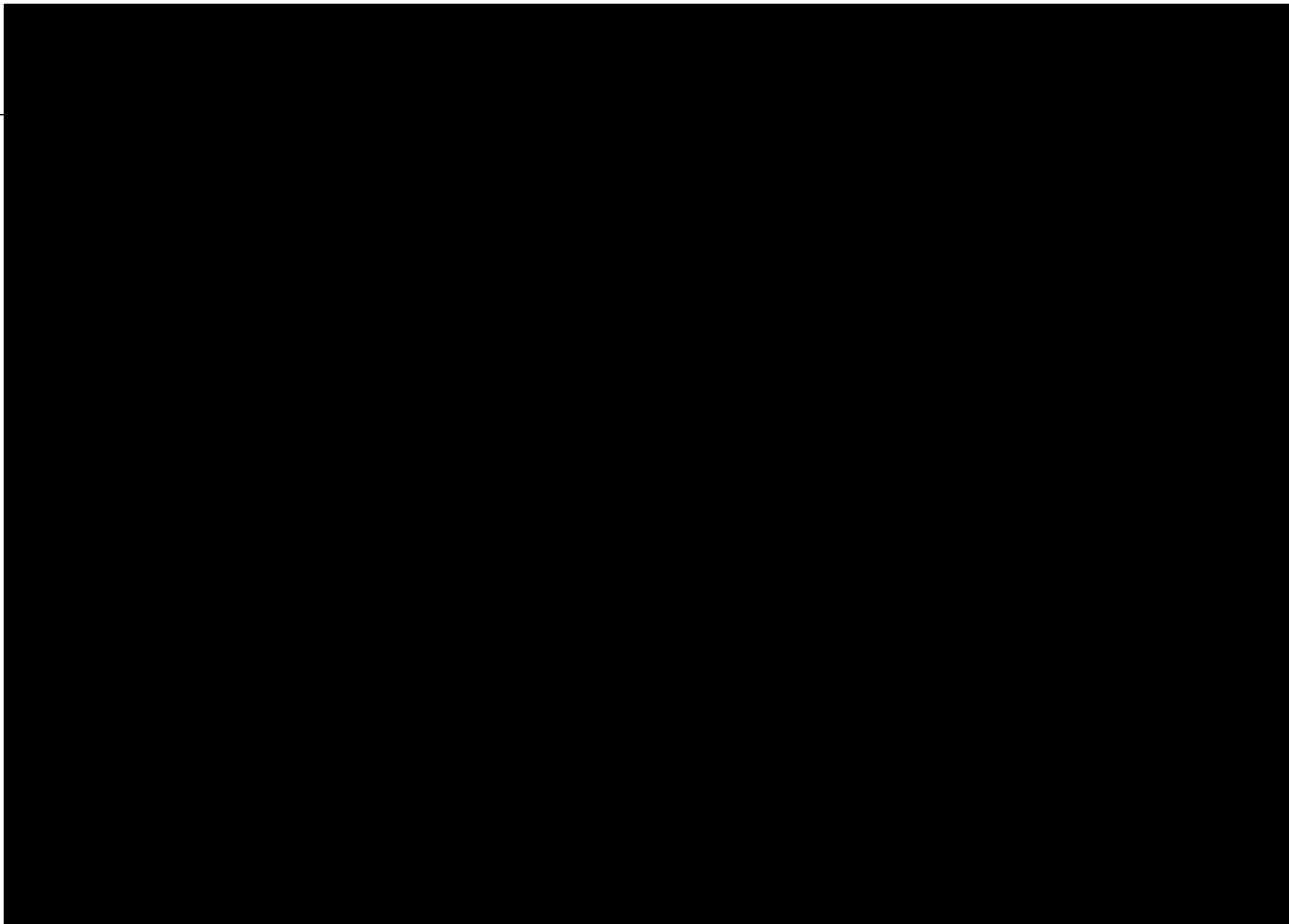
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# Questions & Answers



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# Thank You!



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Google™  
Compensation

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**GOOG-HIGH TECH-00255218.000016**

# **Exhibit B**

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## Salary Benchmarking Overview

Google's Compensation Philosophy & Deep Dive into Benchmarking  
April 2009

### Content Developers

Monica Davis

Frank Wagner

Doris Zhang

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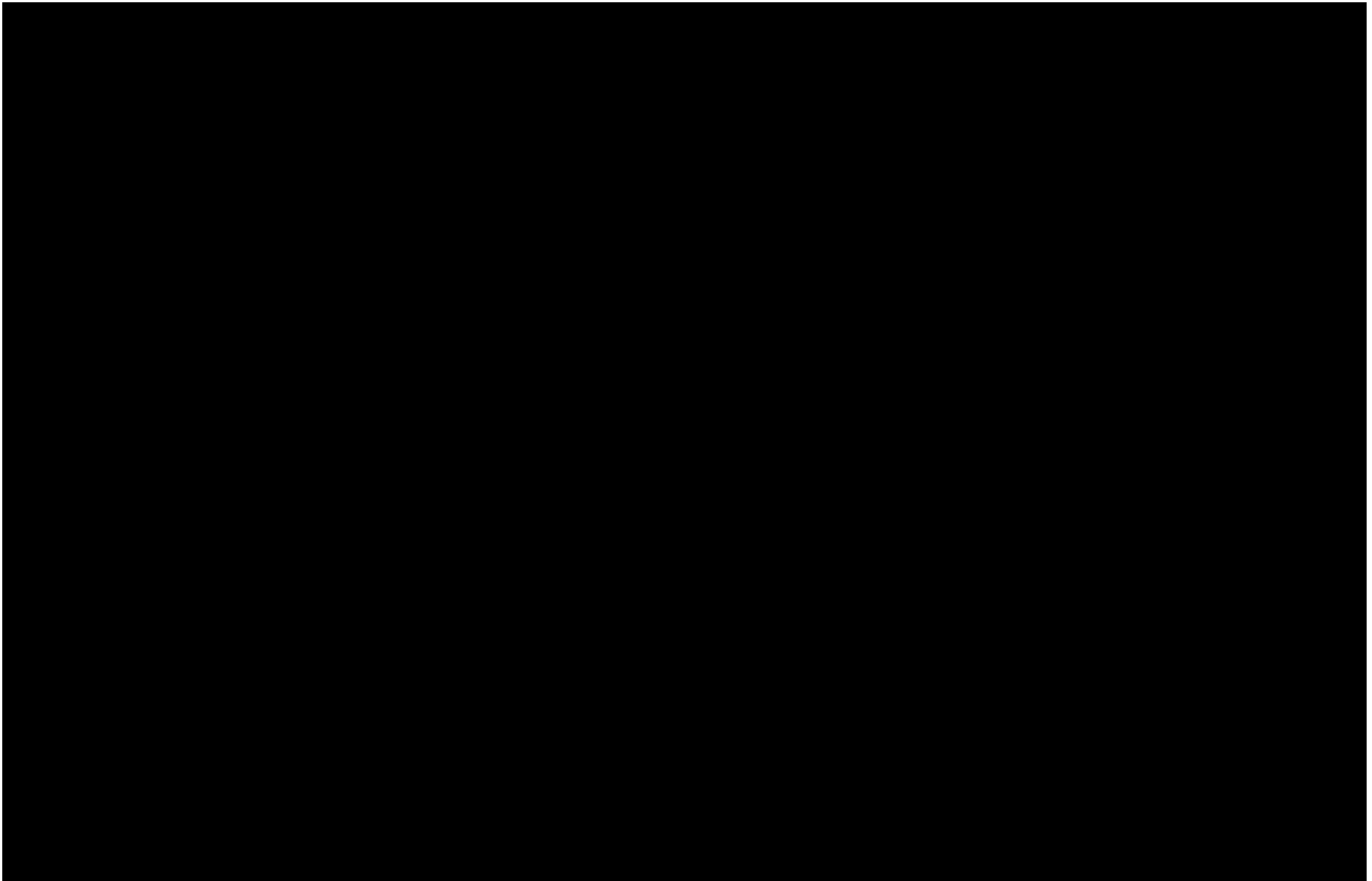
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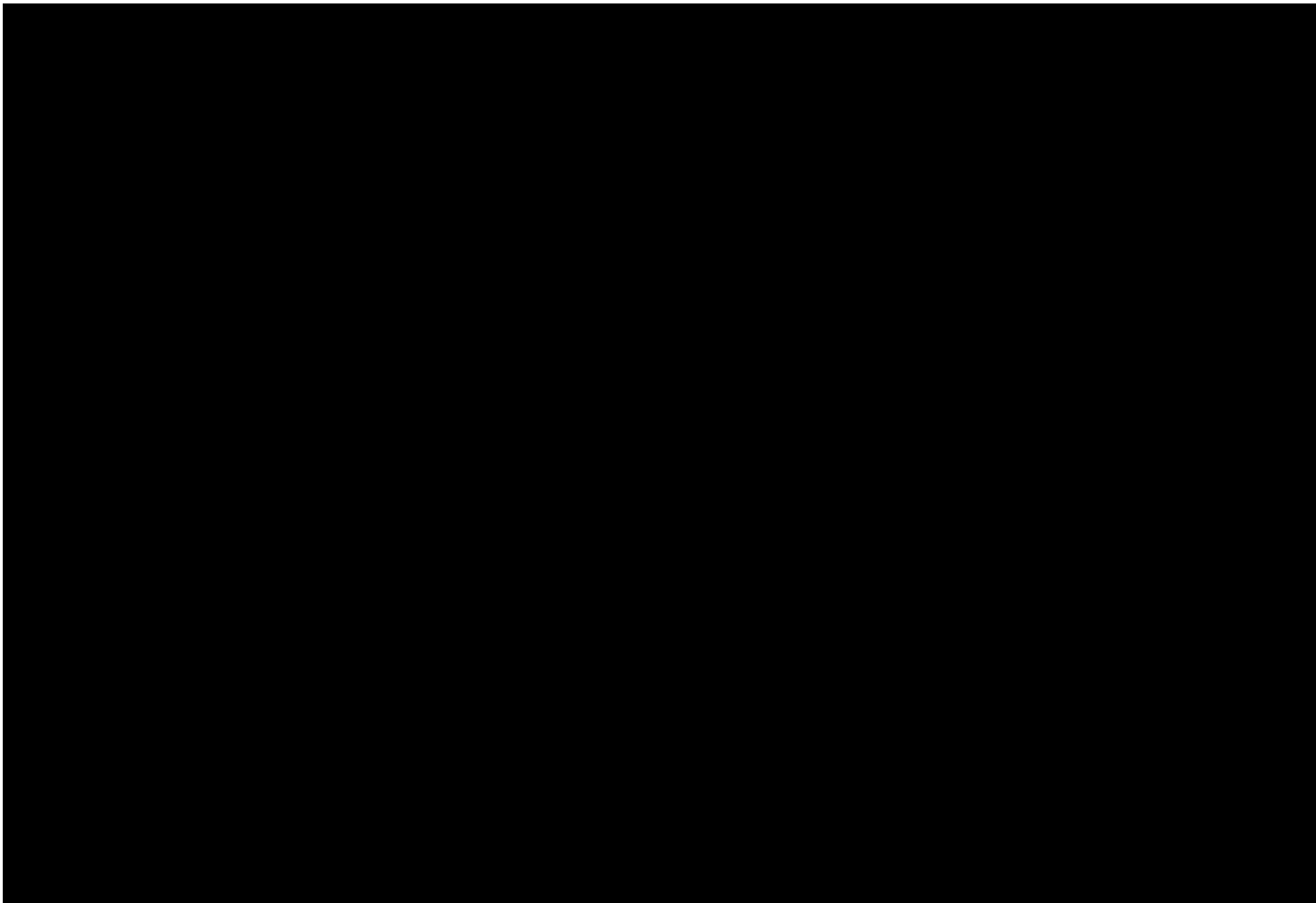
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## Google has a well-articulated compensation philosophy

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1. Reflects data for employees in US locations



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

A look under the hood:



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

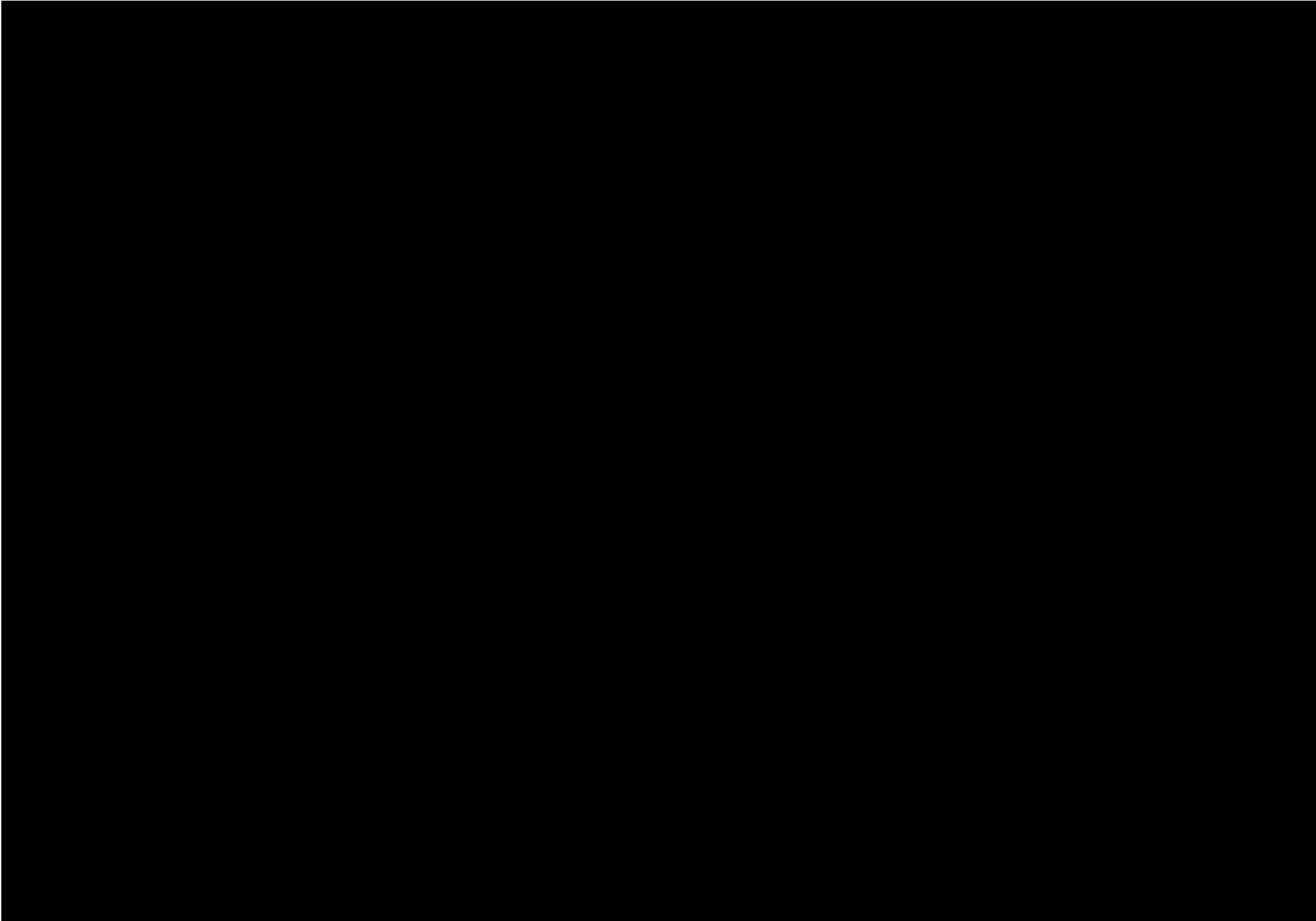
## Step 1: Conduct internal Google research to obtain understanding of the Google business

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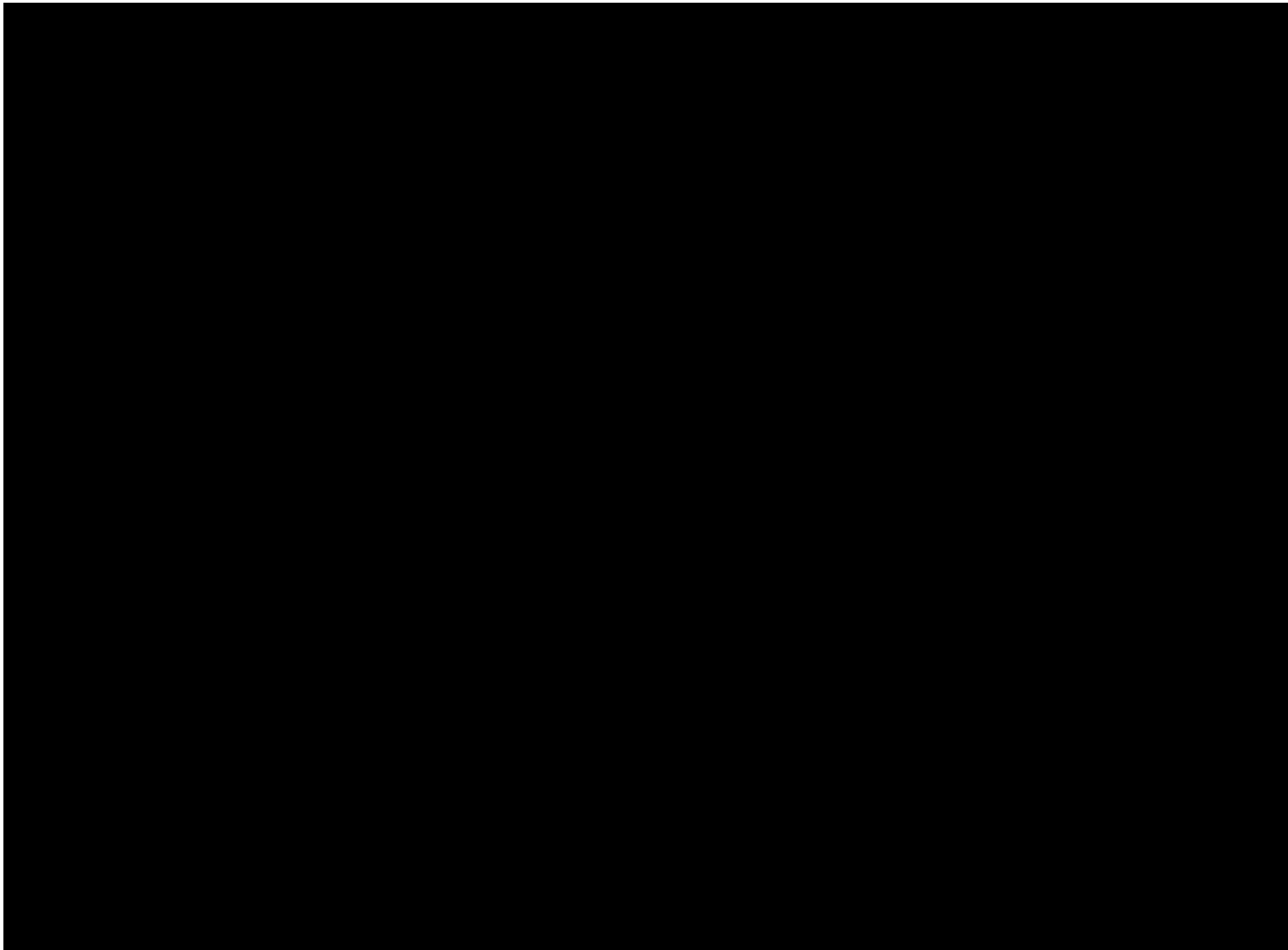


To accurately benchmark Google's job family to the market, Compensation researches the Google job family structure and job content via:

- Review of Google's job family documentation (e.g., job family descriptions, job ladder "deep-dive" docs)
- Working with Engineering leaders
- Analyzing incumbent Googler data (previous employer, work experience, levelling)
- Research of comparable roles in the market

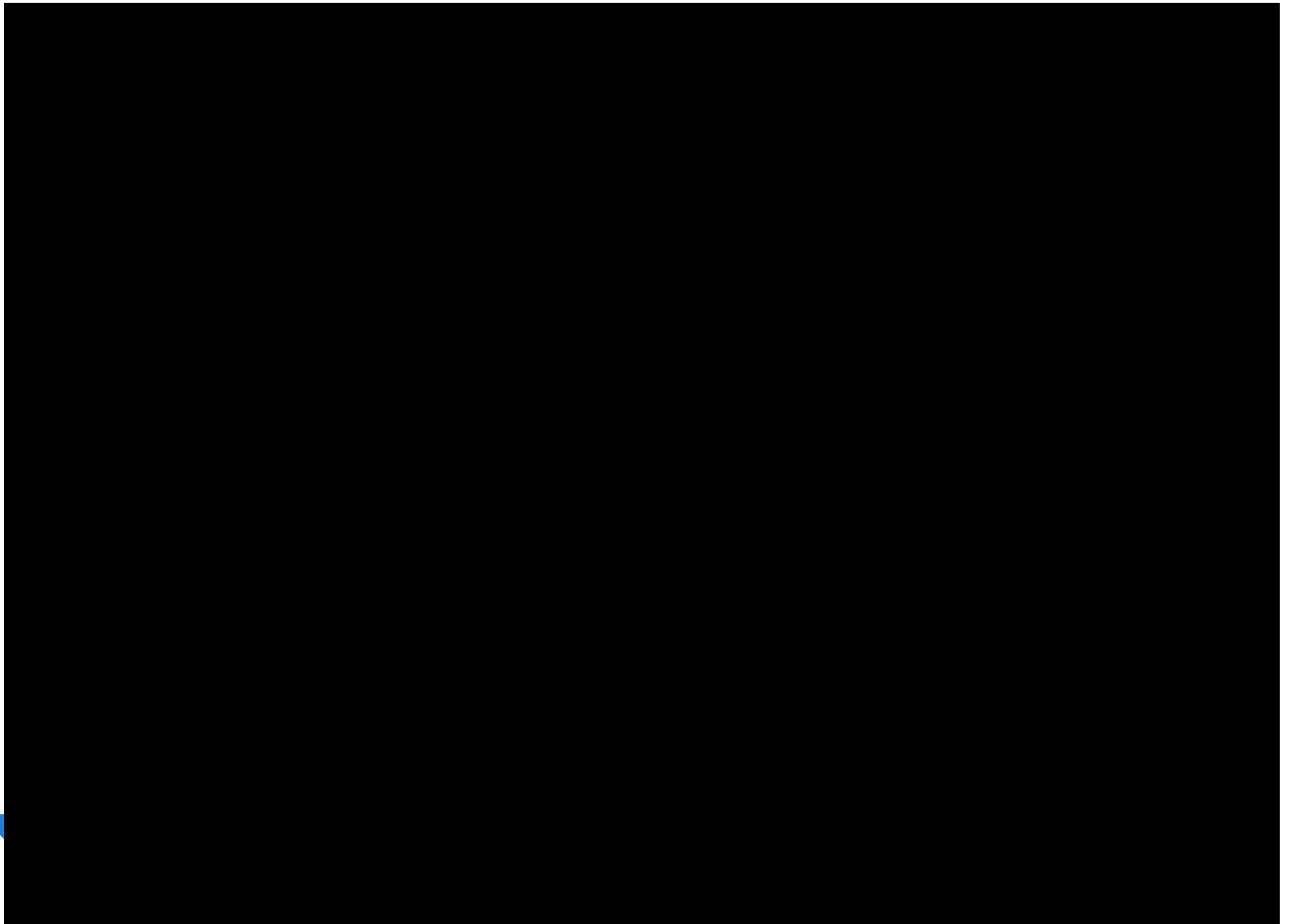


Google Confidential and Proprietary 7

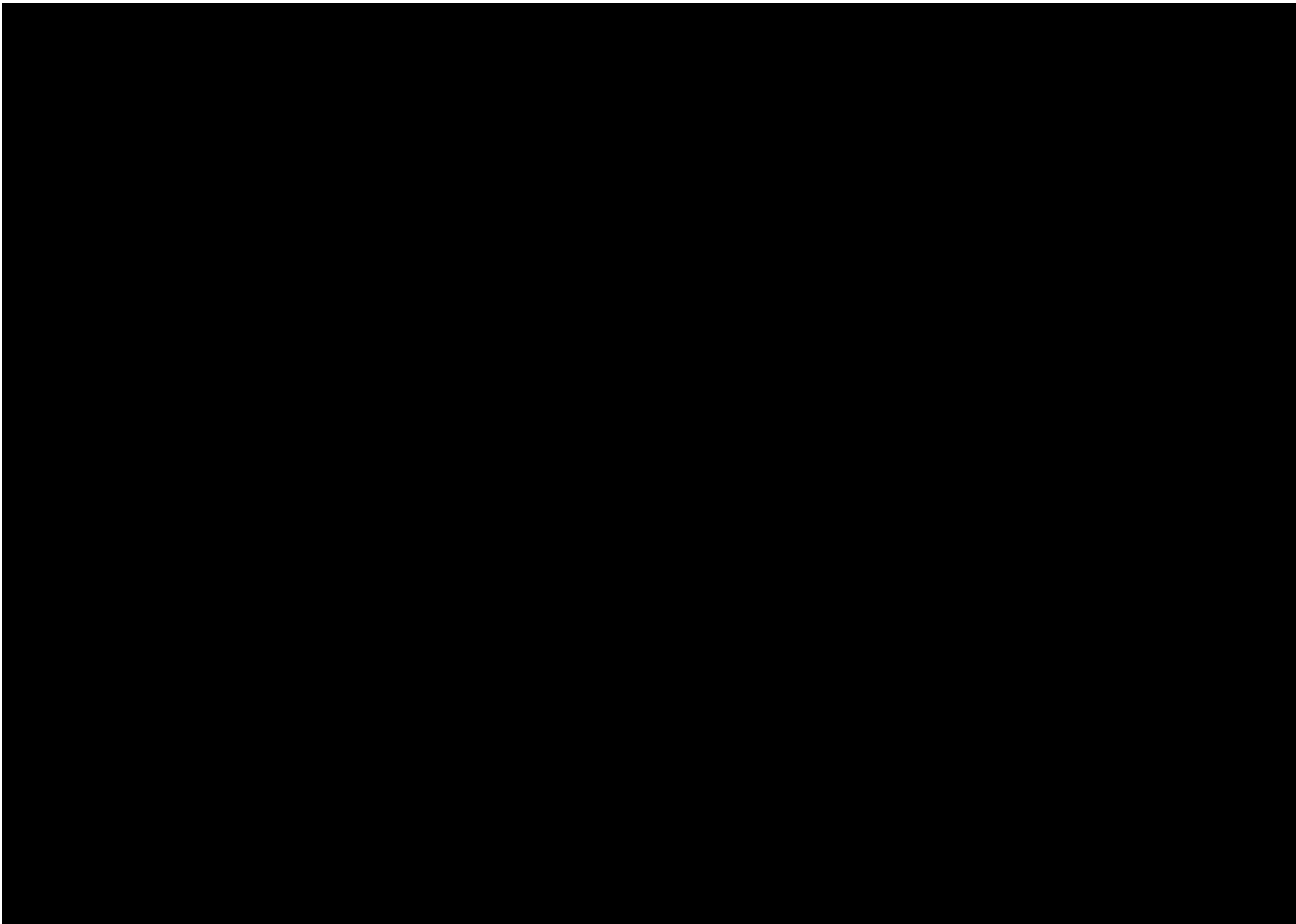


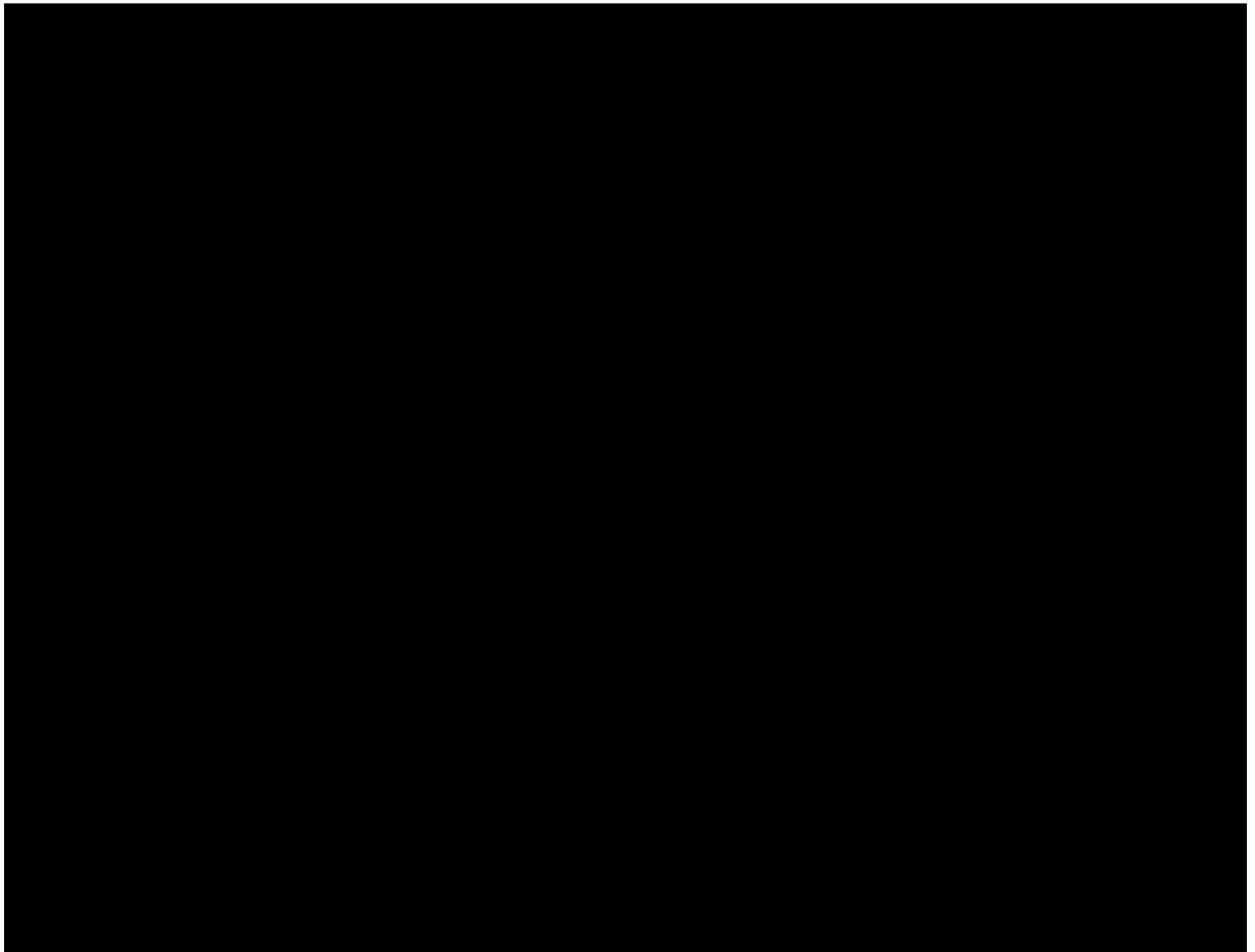
**CONFIDENTIAL ATTORNEYS EYES ONLY**

**GOOG-HIGH TECH-00302552.000008**



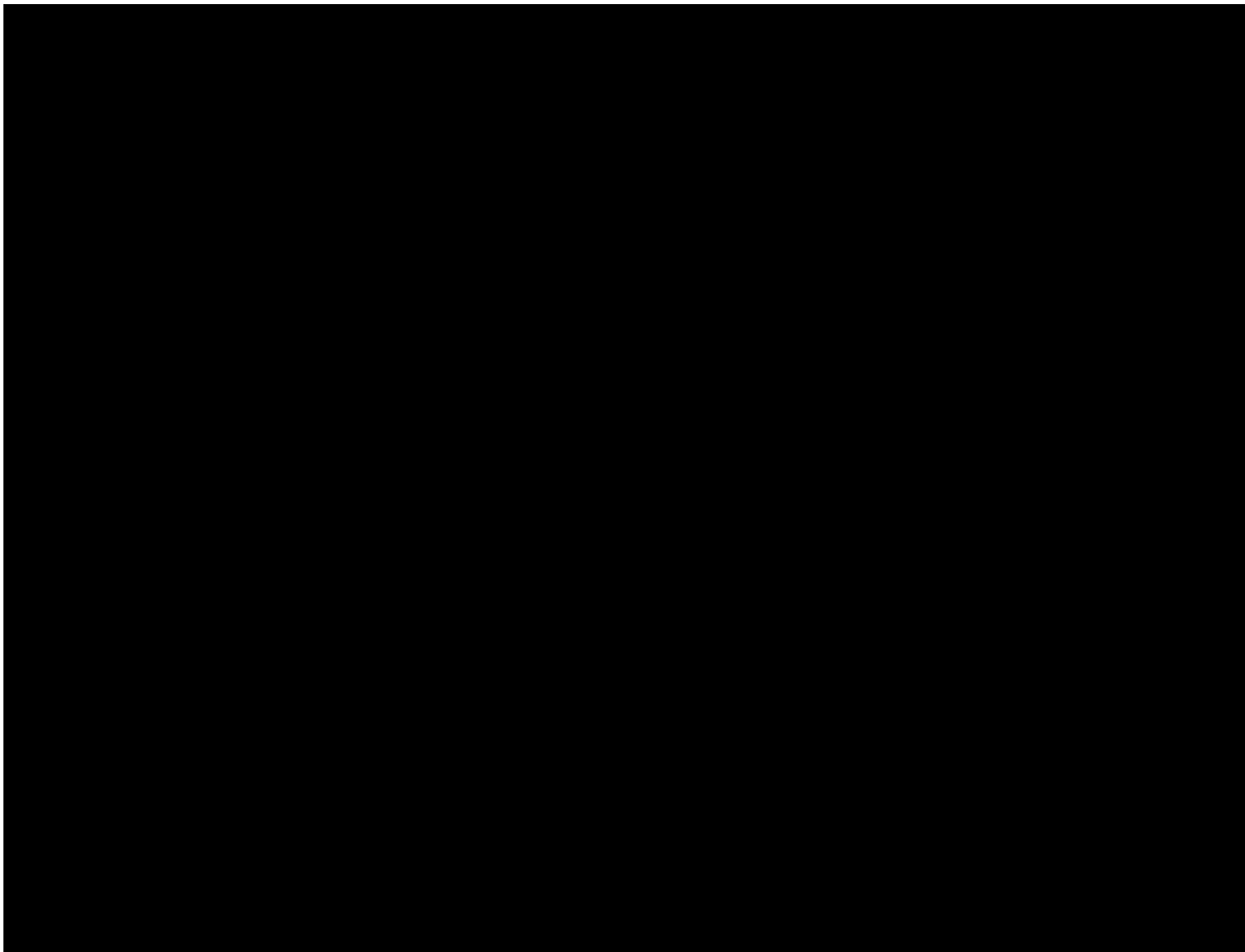






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## Roles during the benchmarking process

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### 1. Eng/Ops Business Leader

- Review and approve Google job family description and job ladder
- Review and approve Google to Survey job family matches / benchmarking methodology
- Determine whether job family matches / benchmarking methodology should be applied globally
- [REDACTED]

### 2. HR Business Partner

- Provide Compensation job family description and relevant Google employee data for review
  - Liaison for Compensation and Eng/Ops business throughout review process
  - Socialize benchmarking methodology with relevant Eng/Ops business contacts
- [REDACTED]

### 3. Compensation Team

- Facilitate job family benchmarking exercise
  - Provide suggestions for Google to Survey job family matches / benchmarking methodology
  - Implement approved job family matches / benchmarking methodology
- [REDACTED]

# **Exhibit C**



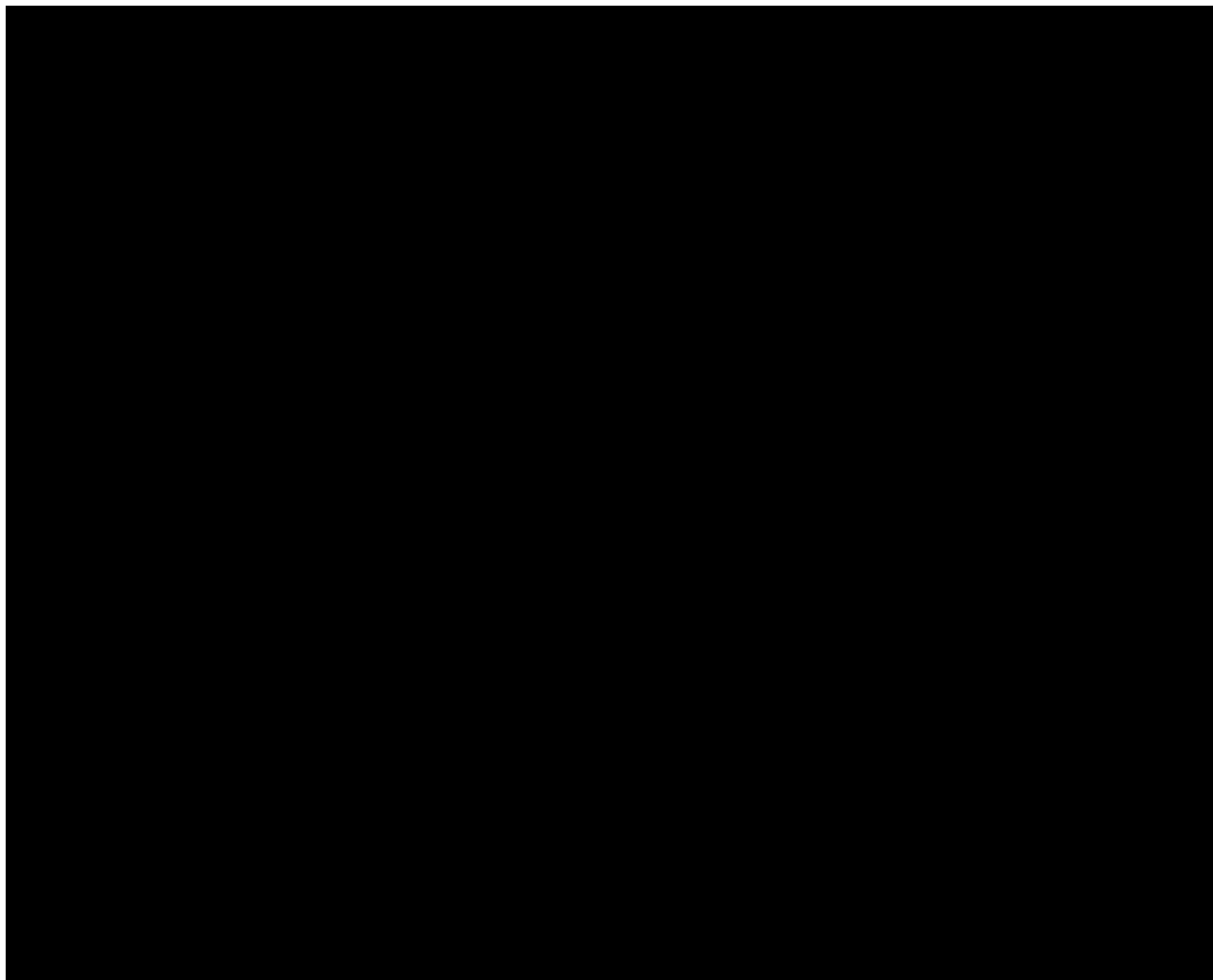
## Revised Compensation Proposal

Authors: Eric Schaffer, Jason Grishkoff, Laszlo Bock, Matt Kunzweiler and Prasad Setty

### SUMMARY

On 13-Oct-2010, we presented a compensation philosophy proposal to the LDCC and full Board. [REDACTED]  
[REDACTED] The proposal also better aligns our cash compensation ([REDACTED]) with our top-of-market talent.

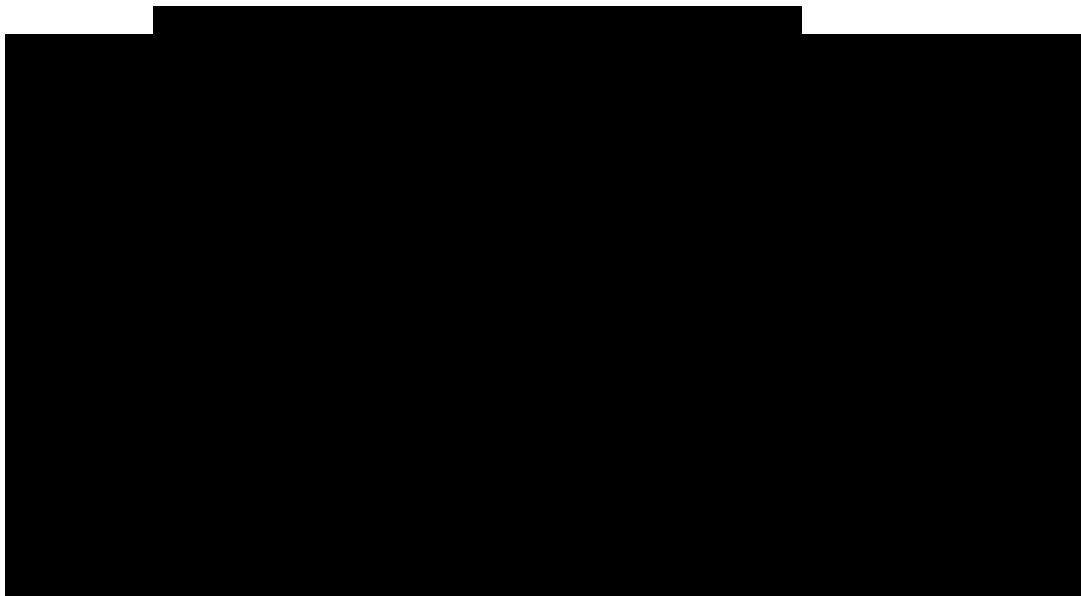
The Board provided feedback on three key issues. After further deliberation, Management resolved to implement our original cash compensation plan for the broad employee base and executives, [REDACTED]  
[REDACTED]. The original and updated proposals are detailed below:



RESPONSES TO BOARD FEEDBACK

1. The salary increases that apply to all Googlers (flat 10% increase

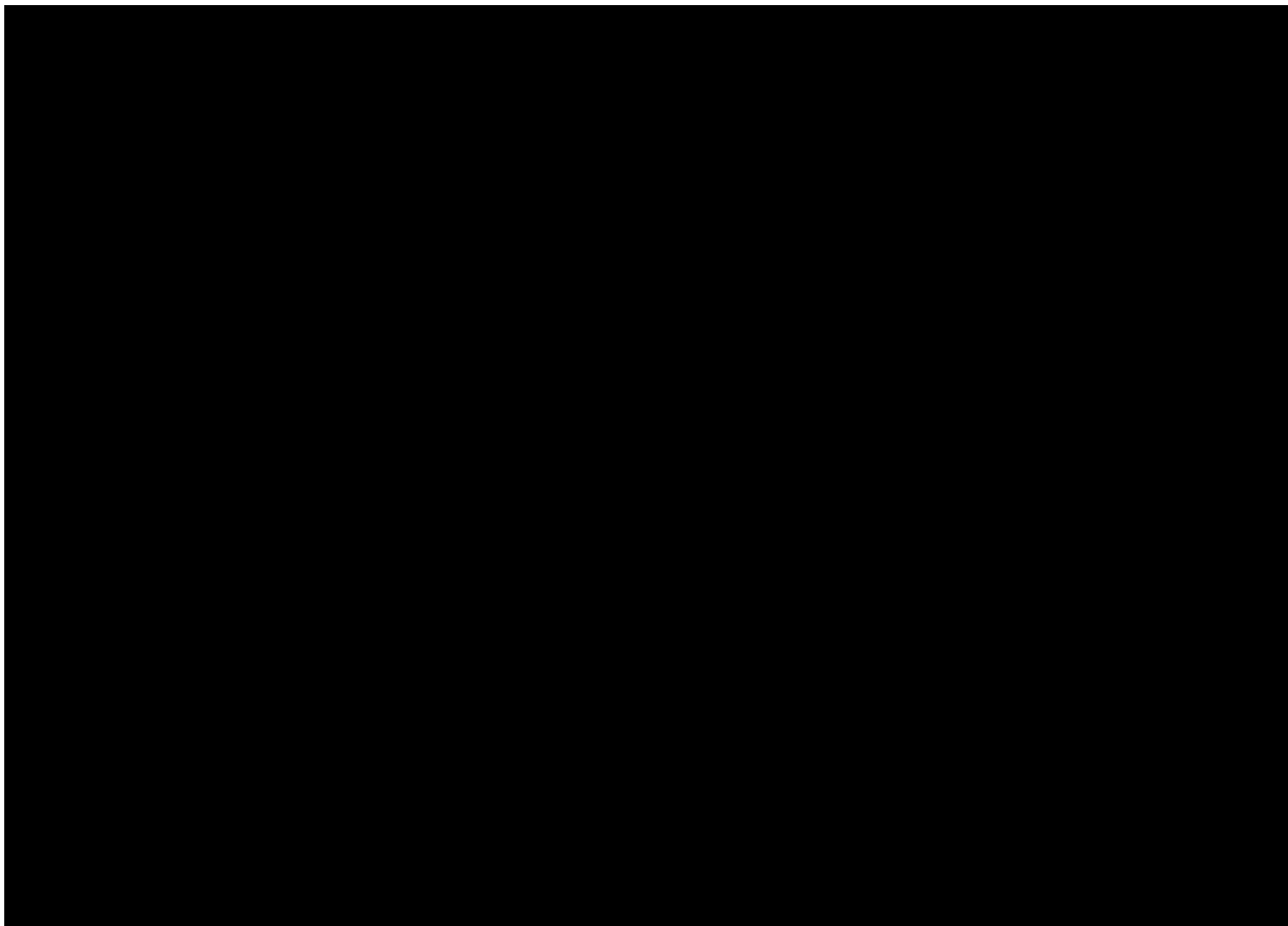
The net result of these changes is illustrated in the chart below.



Based on the Board's guidance to

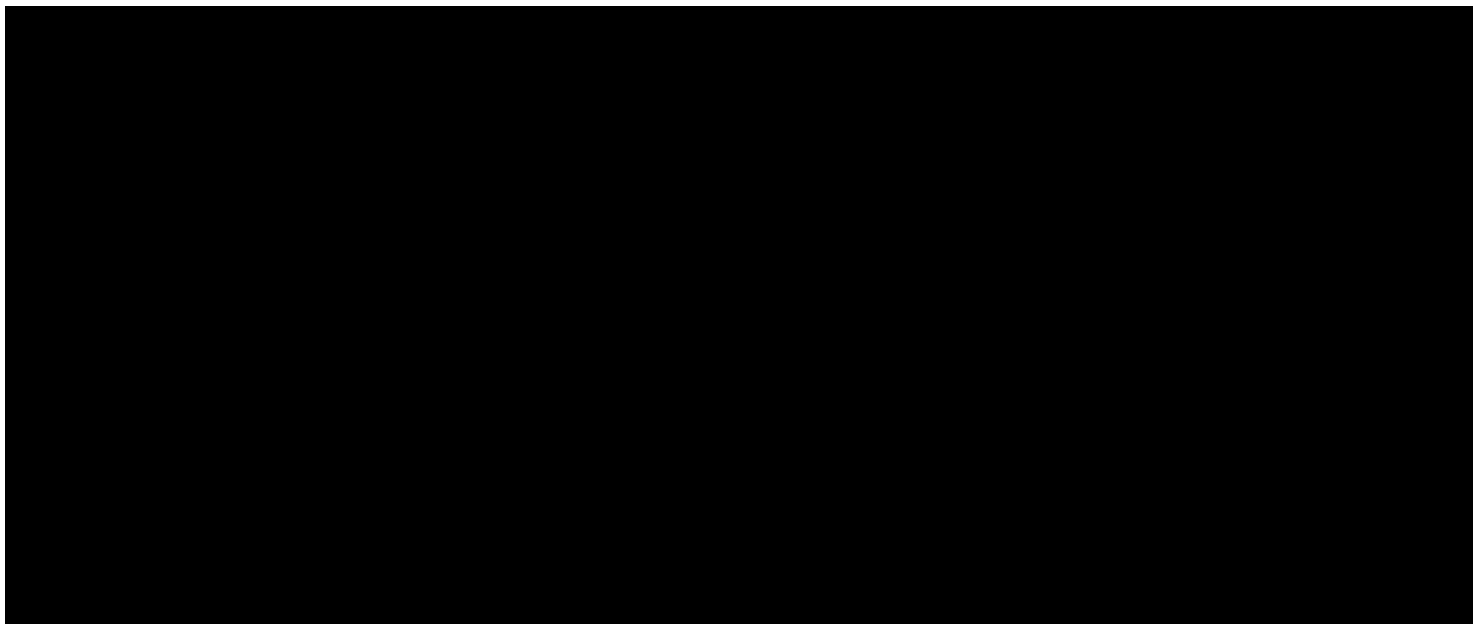
- **Phase one** – implement cash compensation changes as proposed, effective 1-Jan-2011

1. <http://techcrunch.com/2010/10/14/is-the-valley-falling-out-of-love-with-options/>

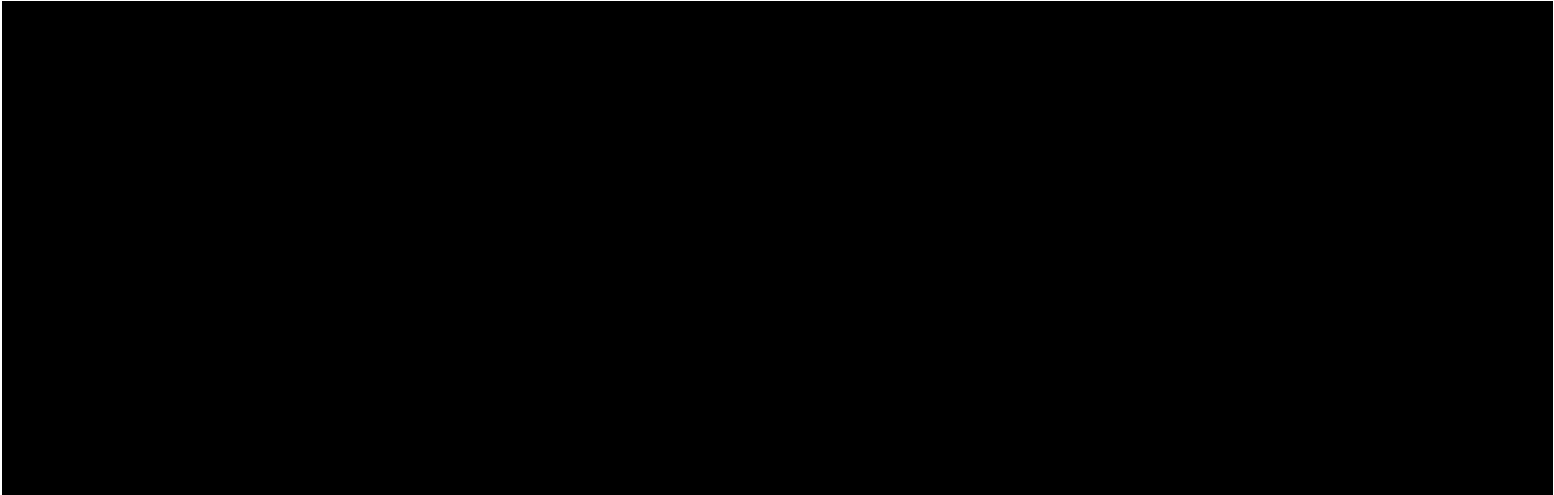


**PROPOSAL FOR VPs AND SVPs**

**Proposed Changes to Cash Compensation**







(values in \$000s)

	Current				With Compensation Changes					
			Total Cash Comp.				Total Cash Compensation			
	Bonus		Target	Estimated	% Base	Bonus	Target		Estimated	Actuals
	Base	%	\$	Actuals \$	Base	Δ	%	\$	% Incr.	\$

Redacted - Not Responsive

Redacted

